

**MINUTES OF THE  
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE**

Room 445 Capital Building State Capitol

February 3, 2016

**Members Present:** Sen. Howard A. Stephenson, Senate Co-Chair  
Rep. Steve Eliason, House Co-Chair  
Rep. Michael S. Kennedy, House Vice Chair  
Sen. J. Stuart Adams  
Sen. Lyle W. Hillyard  
Sen. Jani Iwamoto  
Sen. Stephen Urquhart  
Rep. Joel K. Briscoe  
Rep. LaVar Christensen  
Rep. Bruce Cutler  
Rep. Rebecca P. Edwards  
Rep. Justin L. Fawson  
Rep. Francis D. Gibson  
Rep. Bradley G. Last  
Rep. David E. Lifferth  
Rep. Marie H. Poulson  
Rep. Kraig Powell  
Rep. Norm Thurston  
Rep. Francis Gibson

**Members Excused:** Pres. Wayne Neiderhauser

**Staff Present:** Mr. Ben Leishman, Fiscal Analyst  
Ms. Jill Curry, Fiscal Analyst  
Ms. Lori Brinkerhoff, Secretary

**Note:** A copy of related materials and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Call to Order**

Co-Chair Eliason called the meeting to order at 8:15.

**2. School Building Program Follow-up Items**

Mr. Leishman discussed some possible budget offsets for the committee to consider. He stated that funding enrollment growth internally would require the elimination of most of the below-the-line categorical programs within the Minimum School Program.

Co-Chair Stephenson asked the State Board to recommend how the Legislature might give them better flexibility to meet needs when projections are off. Sen. Hillyard expressed concern about giving too much flexibility in spending. He recommended that some guidelines be given and also very clear reporting requirements.

Mr. Leishman reported that making adjustments in funding levels by the Board is restricted to the Minimum School Program. With respect to state agencies, they are governed more closely by the Budgetary Procedures Act. When funds are appropriated to a specific line item, the Board does not have the authority to transfer between line items. The exception to that is in the Minimum School Program. He discussed some of the state codes regarding this issue.

### **3. Student Enrollment & Growth & WPU Value Estimates**

Mr. Leishman reviewed the [Minimum School Program Enrollment Growth & WPU Value Estimates Issue Brief](#). He explained the difficulty in anticipating future growth within the state and that the projection is usually high. However, this year an anomaly occurred where the projection was about 3,800 students below the actual enrollment growth. This had some significant budgetary impacts.

Co-Chair Stephenson mentioned that the hospitals know how many children are born. He thought if perhaps parents of 3 and 4 year-olds could pre-enroll to an LEA of their choice, this would help make those projections more accurate. He asked if any other state had done something like this. This would also enable parents to take advantage of resources of which they may not be aware. He mentioned other countries that had done this.

Mr. Leishman was not aware of any other state that does this, they could do some research about this. He mentioned that the function of population projections was curtailed when the Governor reorganized some offices. The Legislature appropriated money to the Gardner Institute of Public Policy at the U of U who will start making those projections beginning with this coming school year. They have found that it is mostly a migration issue where more families have moved into the state than other indicators suggested. There is also migration where children in home schools are coming into various aspects of public schools. There is some risk that next year the projection will still be low.

Rep. Cutler asked for clarification on how the estimates are calculated. Mr. Leishman answered that it is a consensus between the LFA, the Governor's Office of Management and Budget, and the State Office of Education. He briefly described the process involved

Rep. Lifferth asked what percentage of the 3,800 students were from in-migration, from birth rates, and out-of-state migrations. Mr. Leishman stated that would be very difficult to answer, but the projections were mainly low in Washington, Davis and Cache Districts.

Co-Chair Stephenson asked if the 3,800 were distributed along the whole K-12 continuum. Mr. Leishman indicated that this is correct.

Co-Chair Eliason asked if it would be possible to increase the projection for next year. Mr. Leishman stated that it would be wise for the Legislature to consider this. The analysts gave a presentation to the EAC last fall about this issue. He stated that the State Board of Education is utilizing balances in the Minimum School Fund for the current year to ensure that all of the WPUs are funded. This does deplete the balances within the system and if the same issue

occurs again next fall, that ability may not be available. The Legislature might want to consider a supplemental appropriation or granting authority to cover enrollment changes.

Rep. Briscoe asked if the State Office of Education or LEAs collect any data about whether the students are coming from private schools, home schools, charter schools, or out of state. Mr. Leishman stated that he was not aware of any data that is being collected.

Mr. Leishman discussed the FY 2017 Enrollment Growth Cost Estimates and the associated increase of about 18,000 WPU's. He discussed the costs by program. He discussed the Voted and Board Local Levy programs. He reported on the funding for Charter Schools and that the current law regarding this will sunset at the end of FY 2016.

Mr. Leishman discussed the impact of the student enrollment undercount. Mr. Leishman reported there is a pool of funding created last year that could be used to cover the current shortfalls in the current budget.

Co-Chair Stephenson asked for a clarification regarding the teacher salary supplement of \$3.7 million and how it ties in to Sen. Fillmore's budget request from last meeting. Mr. Leishman said that the \$3.7 million is the growth for new teachers hired last fall. There is a supplemental and ongoing component. He said that Sen. Fillmore's request would adjust the amount the state provides for employer-paid benefits which would increase this by \$10 million ongoing.

Rep. Cutler asked for clarification regarding the charter school funding. Mr. Leishman explained the related charts.

Mr. Leishman discussed some ways to potentially mitigate the enrollment growth costs. Rep. Briscoe mentioned some possible problems with limiting funding to growth over one percent especially in larger school districts. Co-Chair Eliason asked if there could be a way to look at both the percentage as well as the number of students involved. Mr. Leishman answered that this would be much more complicated, but it could be done.

Co-Chair Stephenson asked if this limited funding would be only for the first year. Mr. Leishman indicated that would be correct.

Co-Chair Eliason asked Sen. Hillyard to give a rough estimate about the revenue that may be available for education for FY 2017. Sen. Hillyard said that the total revenue is still unknown but current indicators are that it is lower than was anticipated. He stated that traditionally public education gets half of the state's budget. He said that any additional appropriations take away funding from WPU. He asked what happens to school districts who may lose students. He indicated that the costs of educating high school students is different than elementary which also impacts the process. He discussed the current strains on the General Fund with regard to increases in Medicaid funding. Sen. Hillyard mentioned the difficulty in dealing with increases in the WPU versus Public Employees' Salaries.

Rep. Christensen asked for a clarification regarding the impact of the basic levy on enrollment growth. Mr. Leishman stated that it offsets the cost of the WPU. He addressed Sen. Hillyard's

comment regarding holding districts harmless whose enrollment goes down. He discussed the WPU value change and the increased appropriation for the below-the-line programs.

#### **4. State Board of Education – Budget Requests**

Mr. David Crandall, Chair, Utah State Board of Education discussed [SBOE FY 2017 Legislative Priorities](#).

Mr. David Thomas, Vice Chair, reviewed the [USOE FY 2017 Funding Requests](#). He specifically discussed Risk Mitigation, Internal Staffing, Career Exempt Option Program, Enterprise Resource Planning System and a Building Feasibility Study.

Rep. Gibson asked if zero-based budgeting was still being considered. Mr. Thomas said that the process has begun, but it will take a number of years to complete. Rep. Gibson spoke in favor of the request regarding hiring additional attorneys and professional accounting help to allow the USOE to become more efficient.

Co-Chair Eliason concurred with Rep. Gibson in regard to the USOE request for future money to fund additional attorneys for USOE.

Rep. Cutler asked for clarification regarding the Career Exempt Option Program. Ms. Jennifer Johnson, Vice Chair, stated that this request was patterned after when DTS was created and briefly discussed this funding request.

Co-Chair Eliason asked Mr. Thomas to report back to the committee with a detailed request regarding the feasibility study of the current building. Co-Chair Stephenson asked if it had been ten years since the building was remodeled and refurbished. Mr. Thomas answered that it had been about 20 years.

Rep. Powell raised a question regarding the feasibility study. He mentioned that the Board has not ever and would not ever put the needs of their offices above the priority of educating children. He commented that he would prefer to use the \$1 million as a down payment on a new facility. Co-Chair Eliason indicated that the Building Board would not be able to consider a new facility until a feasibility study was completed.

Co-Chair Eliason asked the USOE to revisit these priorities and the dollar amounts assuming that the amount available for new budget requests was significantly smaller. Mr. Thomas expressed concern that more of the Education Fund was being used to fund Higher Education.

#### **5. Budget Review: School & Institutional Trust Fund Office**

Mr. Peter Madsen, Director, School & Institutional Trust Fund Office gave the [School and Institutional Trust Fund Office Presentation](#). He gave a brief overview of the office, the staff, and their functions. He discussed the current budget and some of their current challenges. Mr. Madsen discussed the need to further diversify the SITLA portfolio.

Ms. Curry discussed the [School & Institutional Trust Fund Office Issue Brief](#). She mentioned that the State Treasurer is the chair of the SITLA Board of Trustees. The analyst mentioned that the committee may want to consider reassigning this office to the Executive Offices and Criminal Justices Appropriations Subcommittee or perhaps the Retirement and Independent Entities Appropriations Subcommittee.

Rep. Christensen mentioned that the history of the trust lands funding has been amazing. He felt that it is important for the committee to know about the performance of these funds. Co-Chair Eliason mentioned that he receives a report from SITLA each year.

Mr. Tim Donaldson, School Children's Trust Director, State Board, indicated that the Trust Land Board of Trustees reports to the Natural Resources Committee. He stated that the data is available at <http://www.schoollandtrust.org>. They would also be willing to provide any other needed data. He was in support of Ms. Curry's recommendations.

Mr. David Damschen, State Treasurer agreed with Mr. Donaldson on the direct appropriation issue. He stated that if another committee is being considered for oversight of SITLA, he would recommend the Retirement and Independent Entities Appropriations Subcommittee as the logical choice.

Rep. Christensen voiced his concern about moving this agency out of this committee because it is a vital and ongoing source of funding for public education.

## **6. Budget Review: Science Outreach Program**

Mr. Leishman gave a brief overview of this 2017 Budget item request in the [Science Outreach Teacher Resource Program Issue Brief](#). There is a request to simplify the oversight of these grants by combining the teacher resources program into the primary grant for the outreach programs. This would mean that the USOE is only overseeing one grant.

Mr. Seth Jarvis, Director, Clark Planetarium spoke of the needed support for these science education experiences being used outside of the classroom and stated that many of their colleagues are involved with STEMfest. He gave the [iSEE Presentation](#).

Mr. Mike Washburn, CEO, Thanksgiving Point Institute shared how this facility travels state wide with their outreach program and their alignment with the STEM science guidelines. He discussed the water conservation kit offered by Red Butte Gardens for eighth grade students and the Botany Gardens Water Conservation Park.

Rep. Poulson commended these agencies and their use of these funds being currently allocated to them. Rep. Poulson felt this is an appropriate use of these funds and requested continued support of this partnership. Co-Chair Stephenson spoke of the amazing outreach Utah has currently created for our citizenry with the iSEE Program. Sen. Iwamoto had questions about the programming and entertainment at the Planetarium, Junior Achievement at Discovery Gateway, and the expansion of the Aquarium.

Mr. Jarvis indicated that representatives for each institution would have to come to answer specific details. He stated that the budget is a mixture of the appropriations given to operate and provide services directly to students and then half of their budget is generated from non-tax sources. These would include entertainment and concessions, etc.

Ms. Laurie Hopkins, Executive Director, Discovery Gateway Children's Museum said that when they moved to the Gateway Mall it was in partnership with Junior Achievement. The indicated that this is still in force and is called JA City BizTown. It is exclusively used to bring students on field trips to participate. Mr. Jarvis indicated that they are working with Junior Achievement regarding expansion opportunities in Utah County.

Mr. Christian Burrow, Education Director, Living Planet Aquarium reported that they have recently purchased the lot adjacent to the south which will give them an additional nine acres. He said that the first additional will be an education center to help handle the overwhelming growth of the classroom field trip growth.

## **7. Final Base Budget Actions**

Mr. Leishman reviewed the [Public Education Base Budget Motions](#)

Sen. Hillyard asked if any of the motions would reduce or eliminate any programs or if any new money is being allocated. Mr. Leishman indicated that the committee hasn't had any discussions on program elimination and there are no new allocations in these motions.

**MOTION:** Sen. Hillyard moved to pass Motions 1-17 as a group.

Rep. Briscoe asked if the basic tax rate on Motion #1 was a consensus rate. Mr. Leishman answered yes and explained that in more detail.

**DIVIDED MOTION:** Rep. Thurston asked for a divided vote on Motion 2 and made the following motion: [Thurston Base Budget Motion](#). He discussed his rationale for this motion.

Rep. Briscoe had some concerns about making this decision so quickly. He asked how this would impact other "Below the Line" issues. Rep. Thurston stated that the intent is to take the money from below the line and put it in the WPU. Mr. Leishman answered that the WPU value would not necessarily increase the amount of money through the Charter School Local Replacement. However, the Voted and Board Guarantee for subsequent years is based on the WPU value.

Co-Chair Stephenson spoke in opposition to the motion although he understood the rationale for the motion, but felt that it would be unfair to the public and the committee to have such a big change at this point in the meeting. He said it would be a good interim discussion.

**SUBSTITUTE MOTION:** Sen. Urquhart moved to pass Motion Items 1-16.

Rep. Thurston stated that he wanted to bring this issue up now so when the final budget is prepared, this is not a surprise to anyone. It is important to look at how line items affect the WPU.

The substitute motion passed with Rep. Lifferth voting in opposition and Rep. Gibson being absent.

**MOTION:** Sen. Urquhart moved to accept motion #17 from the list.

The motion passed unanimously with Rep. Gibson being absent.

**MOTION:** Sen. Stephenson made a motion to fund the \$500,000 needed for the Statewide Online Education Program for FY 2016 by taking it from the balances in the Charter School Administration.

Rep. Briscoe asked if data was available from the State Office. Mr. Scott Jones, Associate Superintendent, USOE, indicated that they would provide analysis regarding this on Friday.

Rep. Cutler asked for clarification on the motion made in the last meeting asking if this motion would override the motion made in the last meeting regarding the intent language having a limit of no more than 15 percent going to administration. Mr. Leishman indicated that the intent language could be discussed later.

Co-Chair Stephenson said that his intent would be to have this motion supersede any action taken at the last meeting.

The motion passed unanimously with Sen. Hillyard, Sen. Thatcher, Rep. Gibson and Rep. Thurston being absent for the vote.

## **8. Request for Appropriations/ Bills with Fiscal Impact**

Rep. Steve Handy made a request for \$10 million from the General Fund be allocated to upgrade school district buses to a cleaner energy. This would be matched by \$10 million from various districts. This would allow 119 buses older than 1996 to be replaced. He explained a letter from Bryce Bird the Director of Department of Environmental Quality regarding the significant benefit to air quality. He also discussed the health risks to children from diesel bus emissions.

Sen. Iwamoto asked if this was a bill from last year where the money came from the Education Fund. Rep. Handy indicated that was correct. Rep. Christensen asked if the only distinction would be the emission system. Rep. Handy answered that would be determined depending on the buses selected.

Sen. Thatcher asked about district distribution. Rep. Handy answered that there is great interest from the districts in doing this. There would have to be some rules set forth, the districts would have to present a plan and the matching money. Sen. Thatcher was concerned that if other districts have already prioritized this expense, would this be rewarding districts who have

procrastinated making this investment. Rep. Handy indicated that school transportation is currently funded, but this is directed to a specific need and would be prioritized with the buses that are the worst offenders.

## **9. State Board of Education – Budget Requests**

Dr. Larry Shumway, representing the Beverly Taylor Sorenson Arts Program, made the request for continued funding of this program and an increase from \$6.5 million to \$8 million in FY 2017 with a combination of ongoing and one-time funds. He described the great collaboration between philanthropy, higher education and public education.

Co-Chair Eliason mentioned the support of the program from teachers in his district. Rep. Poulson also encouraged support of this program.

Co-Chair Stephenson voiced his support of the Beverly Taylor Sorenson Arts Program and mentioned the POPS program. He asked if there is an overlap with the POPS program.

Dr. Shumway answered that most of the specialists are licensed teachers with specific arts expertise. The advisory council includes representatives from many of these organizations to ensure coordination between the programs. They also encourage support of the POPS program.

Rep. Last was supportive of this program. He mentioned the previous request from Rep. Thurston and discussed the importance of the division of specific line items. He stated that the Sorenson foundation have provided endowed chairs with specific requirements. If the line item is removed, it might cause the universities and school districts difficulties because of the agreements that are in place.

**MOTION:** Rep. Cutler moved to adjourn. The motion passed unanimously.

Co-Chair Eliason adjourned the meeting at 10:55.